



# City of Homer

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Finance Department

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## Memorandum 21-157

TO: Mayor Castner and Homer City Council  
THROUGH: Rob Dumouchel, City Manager  
FROM: Elizabeth Walton, Finance Director  
DATE: September 8, 2021  
SUBJECT: ARPA Funding

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The purpose of this memo is to provide Council with additional information regarding the American Rescue Plan Act (ARPA) funding that the City of Homer is to receive.

### **Background:**

In 2021, the Federal Government passed the American Rescue Plan Act (ARPA). The City of Homer is to receive \$1,429,524.87 in two tranches one year apart. The City will receive this funding as a pass through from the State of Alaska.

The eligible timeframe for expenditures in March 3, 2021 through December 21, 2024. The costs must be incurred by December 31, 2024 and fully expended by December 31, 2026.

### **Eligible Uses:**

1. To respond to the COVID-19 public health emergency or its negative economic impacts;
2. To respond to the workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employees that have eligible workers who performed essential work;
3. For provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency. Use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021; and
4. To make necessary investments in water, sewer, or broadband infrastructure. Can cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the SLFRF award funds were incurred after March 3, 2021.

5. Funds can be used for administering the SLFRF program, including direct and indirect costs, costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.
6. Funds can be used for a reasonable, proportionate share of the costs of audits required by the Single Audit Act.
7. Certain employees' wages, salaries and covered benefits are an eligible use of funds.

**Ineligible Uses:**

1. Deposits to pension fund;
2. Offset a reduction in net tax revenue caused by the recipient's change in law, regulation, or administrative interpretation;
3. Non-Federal match where prohibited
4. Service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund.

**Professional Consultation:**

In July, we met with Porter and Allison (P&A) to discuss the possibility of utilizing the ARPA funding as revenue replacement. P&A was also consulted for the calculation of the total revenue reduction amount. Upon completion of that calculation it was determined that the loss in revenue exceeded the amount of ARPA funds to be awarded to the City. Therefore, the City of Homer is eligible to fully utilize the ARPA funding as revenue replacement.

**Recommendation:**

Pass Ordinance 21-55 appropriating the first tranche of \$714,762.44 into the General Fund as revenue replacement.